



July 23, 2004

**Physician and pharmacy owner admit to
health care fraud scheme that involved free drug samples**

**Wallace Gonsalves sold free prescription samples to Anthony Albanese, owner of
Cameron's Pharmacy, who sold them in prescriptions and fraudulently billed
health insurers for reimbursement**

Wallace E. Gonsalves, Jr., a physician who practiced in Cranston, and **Anthony Albanese**, owner of Cameron's Pawtuxet Pharmacy, admitted today in federal court that they illegally diverted free drug samples for sale at the pharmacy. Cameron's fraudulently received approximately \$431,410 from health insurers after Albanese included the samples in prescriptions sold at the store and billed insurers for reimbursement.

The Office of the United States Attorney announced the guilty pleas, which the defendants entered today in separate but related hearings before U.S. District Court Judge Mary M. Lisi in U.S. District Court Providence. As a condition of their plea agreements, Gonsalves will repay the health insurers \$431,410.62 and Albanese will forfeit an identical amount to the government. Both defendants also face prison terms.

Judge Lisi scheduled Albanese's sentencing for October 22. He remains free on \$100,000 bond. She set Gonsalves' sentencing for August 5, the same day he is to be sentenced for another conviction. In April, a jury found Gonsalves guilty of diluting vaccines administered to immigrant patients. He has been detained at the Wyatt Federal Detention Center, Central Falls, since that jury verdict.

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Assistant U.S. Attorneys Luis M. Matos and Lisa Dinerman prosecuted the case for the government. At the plea hearings today, Matos said that, had the case gone to trial, the government would have proven that, during a two-year period between July 2000 and August 2002, Gonsalves regularly sold Albanese promotional prescription drug samples that manufacturers had given to the doctor. It is illegal under federal law to divert the samples for sale because drug manufacturers lose their ability to control the quality of prescription drugs sold in pharmacies.

Matos said that the government had evidence that Albanese went to Gonsalves' office at 1596 Broad Street approximately once a month and picked up a large volume of drugs, which he took away in plastic garbage bags. Albanese then removed the drugs from their blister packs and mixed them with regular stock at Cameron's, where they were sold in prescriptions.

From among the more than 300,000 free pills that he received between July 2000 and August 2002, Gonsalves sold Albanese a variety of drugs, including Avandia, Prilosec, Vioxx, Lipitor, Clebrex, and Paxil. Cameron's sold 209,797 of the sample pills in prescriptions and then illegally received \$431,410.62 from health insurers by filing fraudulent reimbursement claims for prescriptions containing the samples. In this manner, Albanese and Gonsalves defrauded claims processing companies that service Medicaid, Blue Cross Blue Shield, United Health Care, and other health insurers.

Gonsalves pleaded guilty to conspiracy to sell drug samples, unlawful sale of drug samples, and health care fraud. Albanese pleaded guilty to those three offenses plus money laundering. The statutory maximum penalties for the offenses are: conspiracy – five years imprisonment and a \$250,000 fine; illegally selling drug samples – ten years imprisonment and a \$250,000 fine; money laundering – 20 years imprisonment and a \$500,000 fine. The

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defendants' sentences will be determined on the basis of guidelines that rely on such factors as the specific nature of an offense and a defendant's criminal background, if any.

According to court records, Gonsalves was born on July 18, 1941, had a practice located at 1596 Broad Street, Cranston, and lives at Two Sandy Brook Court, Warwick. The Rhode Island Department of Health suspended his license to practice medicine in 2002. Albanese was born on August 16, 1956 and lives at 11 Kirsten Drive, North Providence. Cameron's Pawtuxet Pharmacy is located at 2206 Broad Street, Cranston.

The case resulted from a joint investigation by the **U.S. Food and Drug Administration, Office of Criminal Investigations**; the **U.S. Department of Health and Human Services, Office of Inspector General, Office of Investigations**; the Internal Revenue Service, Criminal Investigations, the **U.S. Postal Inspection Service**; the **Rhode Island Attorney General's Medicaid Fraud Control Unit**; the **Rhode Island Department of Health**; and the **North Providence Police Department**. The **Bureau of Immigration and Customs Enforcement** provided assistance.

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